**General information about the economic situation of Georgia and budget performance in 2022**

The 2022 budget was planned with forecast for real economic growth settling at 6%, and the nominal gross domestic product expected to amount to 64.8 billion GEL. Also, the consolidated budget was planned with deficit widening to 4.4% of the GDP, and a government debt running at 51.1%. Taking into account the analysis of the current economic trends in the first half of the year, the following economic parameters were specified:

* The forecasted real economic growth reached 8.5%, instead of the previous 6%, and increased to 10% in the revised November forecasts;
* GDP deflator forecast decreased to 9.5%;
* The projected nominal gross domestic product was estimated at 72.3 bln GEL
* Tax revenues to the consolidated budget were estimated at 17,350.0 mln GEL;
* By the end of the year, the forecasted amount of the government debt amounted to 39.6% of the GDP;
* Deficit of the consolidated budget decreased to 3.1% of the GDP.

Given the high economic growth, the Law of Georgia "On the State Budget of Georgia 2022" was revised twice during 2022 (October, December). Compared to the original plan, the appropriation of payments increased by 1,015.0 million GEL and was set at 20,186.0 million GEL.

While updating the macroeconomic and fiscal forecasts, the Government of Georgia continued to conduct constant consultations with the International Monetary Fund and kept a close watch on the global economic development trends.

**Economic Growth**

In 2022, the real GDP growth compared to the previous year was 10.1 percent. In 2022, the nominal GDP was set at 71,754.2 million GEL, which is 19.6 percent higher than the comparable figure for the previous year, and GDP per capita was 19,452.7 GEL (6,671.9 USD).

**Based on the data 2022, economic growth was recorded in the following areas :**

I Quarter II Quarter III Quarter IV Quarter

* Information and communication (49.9%);
* Electricity, gas, steam and air conditioning supply (38.9%);
* Transport and warehousing (28.4%);
* Administrative and support service activities (17.9%);
* Art, entertainment and recreation (17.3%);
* Accommodation and food service activities (16.7%);
* Water supply; sewage, waste management remediation activities (9.2%);
* Processing industry (7.8%);
* Wholesale and retail trade; repair of motor vehicles and motorcycles (6.1%).

**Downturn was recorded in the following areas:**

* Human health care and social work activities (5.7%);
* Activities related to real estate (4.8%);
* Professional, scientific and technical activities (2.4%).

**Real GDP growth based on the types of economic activities**

The private sector continued to play a leading role in terms of economic growth during 2022. Turnover in business increased by 21.1 percent, and the value of the goods produced by enterprises increased by 26.7 percent in 2022. The number of employees in business increased by an average of 44.8 thousand people, and by 47.6 thousand people only in the last quarter (based on Geostat’s quarterly business statistics for 2021-2022).

**Share of types of economic activities in the nominal GDP**

**Inflation**

At the end of 2022, the annual inflation rate was set at 9.8 percent. Average inflation rate for the same period ran at 11.9 percent.

The annual inflation rate was largely impacted by price changes with respect to the following groups:

* Food and non-alcoholic beverages: prices increased by 16.3 percent leading to 5.41 percentage point increase in the total index;
* Housing, water, electricity, gas: prices increased by 15.8 percent leading to 1.58 percentage point increase in the total index;
* Transport: prices increased by 5.5 percent leading to 0.64 percentage point increase in the annual inflation rate;
* Alcoholic beverages and tobacco: prices increased by 9.3 percent leading to 0.62 percentage point increase in the annual inflation rate;
* Hotels, cafés and restaurants: prices increased by 14.8 percent leading to 0.6 percentage point increase in the total index;

**Exchange rate of LARI**

In 2022, Georgian Lari strengthened against U.S. Dollar. In 2022, compared to 2021, the exchange rate of Georgian GEL against USD strengthened by 12.8 percent and amounted to 2.7 GEL per USD. The nominal effective exchange rate of Lari, which represents the average rate at which Lari exchanges for foreign currencies of the trade partners, strengthened by 24.9 percent.

**Foreign Sector**

In 2022, the foreign trade turnover of goods in Georgia amounted to 19,109.6 million U.S. dollars - 33.2 percent higher than the comparable figure for the previous year; Out of this, export accounts for USD 5,592.8 million U (over 31.8 percent), and import - for USD 13,516.9 million (over 33.8 percent). Georgia's trade balance in 2022 registered a deficit of USD 7,924.1 million.

In 2022, the European Union accounted for 20.5 percent (USD 3 924.3 million) in the total turnover of goods, Turkey - 14.7 percent (USD 2,809.1 million), Russia - 13.0 percent (USD 2,487.0 million), China - 9.7 percent (USD 1,863.0 million), Azerbaijan - 6.9 percent (USD 1,311.4 million).

The European Union accounted for 15.4 percent (USD 862.8 million) in total exports, China - 13.2 percent (USD 736.8 million), Azerbaijan - 12.0 percent (USD 672.6 million), Russia - 11.7 percent (USD 651.6 million), Armenia - 10.5 percent (USD 584.6 million), Turkey - 7.8 percent (USD 435.5 million).

According to export commodity categories, copper ores and concentrates claim the first place - with 18.3 percent (1,024.3 million USD) in total exports, next come: passenger cars with 16.2 percent (903.8 million USD), ferroalloys with 8.2 percent (459.8 million USD), nitrogen fertilizers with 5.0 percent ( 281.4 million USD) and natural grape wines with 4.5 percent (252.5 million USD).

The European Union accounts for 22.7 percent (3 USD 061.5 million) in total imports, Turkey - 17.6 percent (USD 2,373.7 million), Russia - 13.6 percent (USD 1,835.4 million), China - 8.3 percent (USD 1,126.2 million), USA - 7.2 percent (USD 972.8 million), Azerbaijan - 4.7 interest (USD 638.8 million).

Within the import commodity structure, passenger cars claim the first place with 12.0 percent (USD 1 618.8 million) in total imports. Next come: oil and petroleum products with 9.9 percent (USD 1,336.4 million), copper ores and concentrates with 5.8 percent (USD 775.3 million), petroleum gases with 3.4 percent (USD 461.3 million), and medicinal products with 3.0 percent (USD 404.0 million).

***In trade with EU countries:***

In 2022, compared to the corresponding period of the previous year, exports to the EU countries increased by 20.3%.

**The main groups of export commodities are as follows:**

* Copper ores and concentrates (USD 437.8 million, 39.0% increase);
* Hazelnuts and other types of nuts (USD 74.0 million, 7.6% decrease);
* Natural grape wines (USD 30.7 million, 7.1% increase).

In 2022, compared to the corresponding period of the previous year, Imports from the EU countries increased by 32.6%.

**The main groups of import commodities are as follows:**

* Oil and petroleum products (USD 440.2 million, 40.7% increase);
* Passenger cars (USD 289.7 million, 116.5% increase);
* Medicinal products (USD 205.5 million, 8.0% decrease).

***In trade with Turkey:***

In 2022, compared to the corresponding period of the previous year, exports to Turkey increased by 34.9%.

**The main groups of export commodities are as follows:**

* Knitwear (USD 116.2 million, 20.3% increase);
* Electricity (USD 79.5 million, 930.4% increase);
* Ferroalloys (USD 60.3 million, 20.3% increase).

In 2022, compared to the corresponding period of the previous year, imports from Turkey increased by 29.8%.

**The main groups of import commodities are as follows:**

* Passenger cars (USD 106.7 million, 460.6% increase);
* Medicinal products (USD 73.2 million, 57.7% increase);
* Metal constructions from ferrous metals and their components (USD 53.8 million, 35.8% increase).

***In trade with Russia:***

In 2022, compared to the corresponding period of the previous year, exports to Russia increased by 6.8%.

**The main groups of export commodities are as follows:**

* Natural grape wines (USD 160.9 million, 23.0% increase);
* Ferroalloys (USD 108.8 million, 36.6% decrease);
* Passenger cars (USD 75.6 million, 338.1% increase).

In 2022, compared to the corresponding period of the previous year, imports from Russia increased by 79.4%.

**The main groups of import commodities are as follows:**

* Oil and petroleum products (USD 622.7 million, 360.9% increase);
* Petroleum gases and gaseous hydrocarbons (USD 112.4 million, 23.9% increase);
* Wheat or wheat-rye flour (USD 66.8 million, 478.5% increase).

**Tourism**

5,427,000 visitors travelled to Georgia in 2022 (compared to 1,881,000 tourist arrivals in 2021) 188.5% higher than the comparable figure for the last year, indicating 58.0% recovery compared to 2019 (source: Georgian National Tourism Administration).

The number of visitors based on countries:

* Russia (1,087.3 thousand people, 410.5% increase);
* Turkey (925.6 thousand people, 183.5% increase);
* Armenia (742.6 thousand people, 350.9% increase);
* European Union (272.9 thousand people, 96.1% increase);
* Israel (210.2 thousand people, 108.7% increase).
* Ukraine (168.9 thousand people, 16.6% increase);

Tourism receipts amounted to USD 3,516.6 million in 2022, which is 182.5 percent (USD 2,271.7 million) higher than the comparable figure for the last year, indicating 107.6% recovery compared to 2019 (source: National Bank of Georgia).

Tourism receipts in 2022, based on countries (top 5 countries):

* Russia (USD 891.0 million, 487.4% increase);
* Turkey (USD 399.4 million, 228.6% increase);
* European Union (USD 333.0 million, 95.6% increase);
* Ukraine (USD 282.3 million, 71.9% increase);
* Israel (USD 270.5 million, 128.0% increase).

In relation to Russia, in case of excluding tourism receipts from Russia and Ukraine, the recovery level will be 91.0 percent, compared to 2019. It should be noted that, based on 2022 economic forecast, tourism recovery was expected to be within 70.0 percent.

**Cash remittances**

Net remittances increased 98.2 percent in 2022, compared to 2021 and amounted to USD 4,028.9 million (1,996.2 million U.S. dollars more).

Amount of net remittances based on countries:

* Russia (USD 2,026.6 million, 531.5% increase);
* Italy (USD 423.0 million, 11.5% increase);
* USA (USD 312.2 million, 11.4% increase);
* Greece (USD 205.0 million, 9.2% decrease);
* Israel (USD 192.9 million, 5.8% increase);

In relation to Russia, it should be noted that due to the capital control measures imposed on Russia, 2022 remittance statistics also included sums of money sent to Georgia via instant money transfers by tourists and migrants, in connection with the change of place of their residence.

**Foreign Direct Investments**

In 2022, according to preliminary data, the amount of direct foreign investments made in Georgia increased by 61.1 percent and reached USD 2,000.0 million. The growth is due to the increase of two components of direct foreign investments - equity capital and reinvestment rate. According to foreign direct investments made in Georgia, Georgia’s top investing countries are the United Kingdom (USD 428.3 million), Spain (USD 367.0 million) and the USA (USD 163.9 million).

Top sectors receiving highest FDI inflow are financial and insurance sector (USD526.4 million), real estate (USD 406.9 million) and water supply and waste management (USD 197.0 million).

**Consolidated Budget**

Revenue target to the 2022 consolidated budget was set at GEL 19,217,000.0 thousand; GEL 19,377,554.4 thousand was mobilized during the reporting period, i.e. 100.8% of the target.

* **Tax revenue target** was set at GEL 17,350,000.0 thousand; GEL 17,385,944.3 thousand was mobilized during the reporting period, i.e. 100.2% of the target. Along with tax revenues, overpaid tax refund rate is also important. GEL 2,266.0 million was reimbursed in the form of overpaid taxes in 2022.
* **Grants target** was set at GEL357 000.0 thousand; GEL 364 658.4 thousand was mobilized during the reporting period, i.e. 102.1% of the target.
* **Other income target** was set at GEL 1 510 000.0 thousand; GEL 1 626 951.7 was mobilized during the reporting period, i.e. 107.7% of the target.

2022 Consolidated Budget Revenue Performance Indicators

*Thousand, GEL*

| **Description** | **Plan** | **Fact** | **+/-** | **%** |
| --- | --- | --- | --- | --- |
| **Revenues** | **19,217,000.0** | **19,377,554.4** | **160,554.4** | **100.8** |
| **Taxes** | **17,350,000.0** | **17,385,944.3** | **35,944.3** | **100.2** |
| Income tax | 5,025,000.0 | 5,034,089.3 | 9,089.3 | 100.2 |
| Profit tax | 1,930,000.0 | 1,930,151.4 | 151.4 | 100.0 |
| Value Added Tax | 7,370,000.0 | 7,452,868.5 | 82,868.5 | 101.1 |
| Excise duty | 2,045,000.0 | 2,010,227.8 | -34,772.2 | 98.3 |
| Import duty | 125,000.0 | 125,992.0 | 992.0 | 100.8 |
| Property tax | 595,000.0 | 603,501.3 | 8,501.3 | 101.4 |
| Other taxes | 260,000.0 | 229,114.1 | -30,885.9 | 88.1 |
| **Grants** | **357,000.0** | **364,658.4** | **7,658.4** | **102.1** |
| **Other revenues** | **1,510,000.0** | **1,626,951.7** | **116,951.7** | **107.7** |

GEL 435,576.5 thousand, which is 96.8% of the target (GEL 450,000.0 thousand), was mobilized through decrease of **non-financial assets.**

GEL 102 416.3 thousand, which is 68.3% of the target (GEL 150 000.0), was mobilized through decrease of **financial assets.**

Consolidated Budget Deficit

In 2022, consolidated budget deficit amounted to (-2 203.1) million GEL, which is (- 3.1) % of the gross domestic product.

Compliance of fiscal rules with maximum limits of paramètres under the Organic Law of Georgia on Economic Freedom

As the Organic Law of Georgia on Economic Freedom stipulates, the ratio of  consolidated budget deficit to gross domestic product shall not be more than 3%; Given the crisis caused by the COVID-19, however, the state budget deficit forecast for 2022 goes beyond the limits provided for by the law and varies within - 4.2%. Besides, based on the Law of Georgia on Amendments to the Law of Georgia on the State Budget of Georgia for 2022, the aforesaid figure was reduced to 2.7% and, in the reporting period, amounted to (-1 495.5) million GEL - 2.1% of the gross domestic product.

The ratio of state debt to gross domestic product shall not be more than 60%, according to the Organic Law of Georgia on Economic Freedom. The maximum amount of state debt was 39.8% of gross domestic product during the reporting period. At the same time, since the present value of the obligations within the framework of public-private cooperation projects (as of 1 January 2022) was set at 0.5% of the gross domestic product, the total of these obligations accounts for 40.3% of GDP.

Comparison of macroeconomic assumptions

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Index** | **2022 Budget Law** | **2022 Budget Law** | **2022 Budget Law** | **Fact for 2022** |
| **(Original)** | **(First Amendment)** | **(Second Amendment)** |
| Real GDP growth rate (%) | 6.0% | 8.5% | 10.0% | 10.1% |
| Nominal GDP (million GEL) | 64,832 | 72,215 | 72,276 | 71,754 |
| GDP per capita (USD) | 5,618 | 6,566 | 6,664 | 6,672 |
| GDP deflator, change (%) | 4.5% | 10.5% | 9.5% | 8.6% |

In 2022, the economy recorded a growth rate of 10.1%, which is 0.1 percentage points higher than the target indicator. It should be noted that real GDP growth was initially projected at 6.0% for 2022, however, driven by increased economic activity, it first reached 8.5% and then 10.0%. Like in the first half of the year, economic activity continued to build up in the third and fourth quarters of 2022 leading to 10.1 percent growth from the previous year.

Comparison of Fiscal Forecasts and Facts (Consolidated Budget)

Mln GEL

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Description** | **I law of 2022** | **Last law of 2022** | **Fact of 2022** | **Performance %** | **Last approved plan – first approved plan** | **Fact-last approved plan** | **Fact- first approved plan** |
| **Revenues** | **17,205.0** | **19,217.0** | **19,377.6** | **100.8%** | **2,012.0** | **160.6** | **2,172.6** |
| Including taxes | 15,558.0 | 17,350.0 | 17,385.9 | 100.2% | 1,792.0 | 35.9 | 1,827.9 |
| **Expenditures** | **14,753.0** | **15,743.0** | **15,610.9** | **99.2%** | **990.0** | **-132.1** | **857.9** |
|  |  |  |  |  |  |  |  |
| **Operating balance** | **2,452.0** | **3,474.0** | **3,766.7** | **108.4%** | **1,022.0** | **292.7** | **1,314.7** |
|  |  |  |  |  |  |  |  |
| **Change in non-financial assets** | **5,229.0** | **5,485.0** | **5,532.7** | **100.9%** | **256.0** | **47.7** | **303.7** |
| Increase | 5,679.0 | 5,935.0 | 5,968.2 | 100.6% | 256.0 | 33.2 | 289.2 |
| Decrease | 450.0 | 450.0 | 435.6 | 96.8% | 0.0 | -14.4 | -14.4 |
|  |  |  |  |  |  |  |  |
| **Total balance** | **-2,777.0** | **-2,011.0** | **-1,766.0** | **87.8%** | **766.0** | **245.0** | **1,011.0** |
|  |  |  |  |  |  |  |  |
| **Change in financial assets** | **75.0** | **240.0** | **341.1** | **142.1%** | **165.0** | **101.1** | **266.1** |
| Increase | 205.0 | 390.0 | 443.5 | 113.7% | 185.0 | 53.5 | 238.5 |
| Decrease | 130.0 | 150.0 | 102.4 | 68.3% | 20.0 | -47.6 | -27.6 |
|  |  |  |  |  |  |  |  |
| **Change in liability** | **3,103.0** | **2,537.0** | **2,706.7** | **106.7%** | **-566.0** | **169.7** | **-396.3** |
| Increase | 4,337.0 | 3,582.0 | 3,733.9 | 104.2% | -755.0 | 151.9 | -603.1 |
| Decrease | 1,234.0 | 1,045.0 | 1,027.2 | 98.3% | -189.0 | -17.8 | -206.8 |
|  |  |  |  |  |  |  |  |
| **Change of balance** | **251.0** | **286.0** | **599.5** | **209.6%** | **35.0** | **313.5** | **348.5** |
|  |  |  |  |  |  |  |  |
| **GDP (nominal) million GEL** | **64,832.4** | **72,276.3** | **71,754.2** |  |  |  |  |
| **Revenues** | **22,122.0** | **23,399.0** | **23,649.4** |  |  |  |  |
| **Taxes** | **21,871.0** | **23,113.0** | **23,049.9** |  |  |  |  |
| **Modified deficit (IMF)** | **-2,852.0** | **-2,251.0** | **-2,203.1** |  |  |  |  |
| **Modified deficit (IMF) to % GDP** | **-4.40%** | **-3.11%** | **-3.07%** |  |  |  |  |

The method of calculating the modified (augmented) deficit is described in the program with the International Monetary Fund (the document is public). The modified deficit differs from the deficit under the GFSM 2001 in the sense that the transactions in financial assets are also carried out "above the line" and are involved in the formation of the deficit.

It should also be considered that according to the Georgian legislation, accounting is done without a return sub-account, while the program with the International Monetary Fund traditionally provides for the change of the balance on this sub-account.

According to the GFSM 2001 budget classification, the consolidated budget deficit in 2022 amounts to GEL 1,766.0 million (2.46%). As a result of the impact of transactions in financial assets (341.1 million) and the return sub-account (95.9 million), the modified deficit is set at GEL 2,203.1 million (3.07% of GDP).

Taking into account the increase in economic growth, which is greater than expected and the actual mobilization of taxes, the planned value of tax revenues to the consolidated budget increased by GEL 1,792.0 million, and the updated forecast is set at GEL 17,350.0 million.

The initial forecast of consolidated budget revenues amounted to GEL17,205.0 million, including taxes worth GEL 15 558.0 million, grants worth GEL 422.0 million and other incomes GEL 1 225.0 million. Calculations of the initial budget revenue forecast were based on initial forecasts for economic growth, inflation and other macroeconomic indicators, as well as on expected improvements in tax administration. While making amendments to the 2022 budget law, based on changes in macroeconomic indicators, the revenues were adjusted to equal GEL 19,217.0 million, including taxes worth GEL 17,350.0 million, grants worth GEL 357.0 million and other revenues worth GEL 1,510.0 million. In addition to macroeconomic indicators, the current trends in revenue mobilization and other factors (including the improvement of administration) were taken into account when adjusting revenues.

The actually received revenues in 2022 amounted to GEL 19,377.6 million, and taxes to GEL 17,385.9 million, which is 112.6 and 111.7 percent, respectively, in relation to the initial forecast.

It should also be taken into consideration that surplus tax refunds in 2022 amounted to GEL 2,266.0 million (the comparable figure for 2021was GEL 1,930.1 million).

2022 Consolidated Budget Performance

*mln, GEL*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **I law of 2022** | **Last law of 2022** | **Fact of 2022** | **Performance %** |
| **Revenues** | **18,518.0** | **20,739.0** | **20,949.2** | **101.0%** |
| Including taxes | 15,558.0 | 17,350.0 | 17,385.9 | 100.2% |
| **Expenditures** | **15,788.0** | **16,872.0** | **16,788.4** | **99.5%** |
|  |  |  |  |  |
| **Operating balance** | **2,730.0** | **3,867.0** | **4,160.7** | **107.6%** |
|  |  |  |  |  |
| **Change in non-financial assets** | **5,480.0** | **5,830.0** | **5,656.3** | **97.0%** |
| Increase | 5,930.0 | 6,285.0 | 6,138.4 | 97.7% |
| Decrease | 450.0 | 455.0 | 482.1 | 106.0% |
|  |  |  |  |  |
| **Total balance** | **-2,750.0** | **-1,963.0** | **-1,495.5** | **76.2%** |
|  |  |  |  |  |
| **Change in financial assets** | **85.0** | **215.0** | **299.7** | **139.4%** |
| Increase | 220.0 | 405.0 | 445.7 | 110.1% |
| Decrease | 135.0 | 190.0 | 146.0 | 76.8% |
|  |  |  |  |  |
| **Change in liability** | **3,101.0** | **2,535.0** | **2,704.6** | **106.7%** |
| Increase | 4,335.0 | 3,580.0 | 3,736.8 | 104.4% |
| Decrease | 1,234.0 | 1,045.0 | 1,032.2 | 98.8% |
|  |  |  |  |  |
| **Change of balance** | **266.0** | **357.0** | **909.3** | **254.7%** |
|  |  |  |  |  |
| **GDP (nominal) million GEL** | **64,832.4** | **72,276.3** | **71,754.2** |  |
| **Revenues** | **-4.2%** | **-2.7%** | **-2.08%** |  |
| **Taxes** | **23,438.0** | **24,964.0** | **25,314.0** |  |
| **Modified deficit (IMF)** | **23,172.0** | **24,607.0** | **24,404.7** |  |
| **Modified deficit (IMF) to % GDP** | **-2,835.0** | **-2,178.0** | **-1,891.2** |  |
| **GDP (nominal) million GEL** | **-4.37%** | **-3.01%** | **-2.64%** |  |

**State Budget 2022**

In 2022, the state budget was implemented both in terms of revenues and taxes. The rate of implementation of payments to the state budget reached 99.9%, which is also a high indicator.

**Information about the implementation of 2022 state budget revenues**

The target of the state budget revenues for 2022 was determined at GEL 16,357,411.0 thousand. GEL 16,450,247.4 thousand was mobilized during the reporting period, i.e. 100.6% of the target.

*Thousand, Gel*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Plan** | **Fact** | **+/-** | **%** |
| **Revenues** | **16,357,411.0** | **16,450,247.4** | **92,836.4** | **100.6** |
| Taxes | 14,964,700.0 | 14,976,686.1 | 11,986.1 | 100.1 |
| Grants | 342,711.0 | 359,062.1 | 16,351.1 | 104.8 |
| Other revenues | 1,050,000.0 | 1,114,499.2 | 64,499.2 | 106.1 |

**Taxes** target was set at GEL 14,964,700.0 thousand. GEL 14,976,686.1 thousand was mobilized during the reporting period, i.e. 100.1% of the target.

**Grants** target was set atGEL 342 711.0 thousand. GEL 359 062.1 thousand was mobilized during the reporting period, i.e. 104.8% of the target:

* GEL 121,632.2 thousand was mobilized in the form of budget support grants;
* GEL 31,572.2 thousand was received within the framework of investment projects;
* GEL 107,695.6 thousand credited to the treasury account within the framework of so-called registry grants;
* GEL 98 162.1 thousand - funds channeled to the state budget by the LEPL(s).

**Other revenues** target was set at GEL 1,050,000.0 thousand. GEL 1,114,499.2 thousand was mobilized, i.e. 106.1% of the target.

GEL 202,833.5 thousand was mobilized from the decrease of non-financial assets, which is 67.6% of the target (GEL 300,000.0 thousand); GEL 170,605.1 thousand was mobilized from the sale of fixed assets, which is 63.2% of the target (GEL 270,000.0 thousand), GEL 32,227.2 thousand was mobilized from the sale of lands, which is 107.4% of target (30,000.0 thousand GEL), and material supplies are worth GEL 1.3 thousand. It should be noted that the indicator of non-financial decrease of the consolidated budget reached 96.8%, the mentioned indicator is mainly formed from the incomes received from the sale of land, a large part of which is reflected in the incomes of the budgets of the municipalities.

GEL 144,228.9 thousand was mobilized from the decrease in **financial assets**, which is 96.2% of the target (150,000.0 thousand GEL).

**Taking and repaying government debt**

Increase in liabilities during the reporting period amounted to GEL 3,731,879.7 thousand, including:

* GEL 1 346 339.8 thousand - net increase due to the issue of domestic securities;
* GEL 1 568 639.9 thousand - preferential investment credits received from international financial organizations and governments of other states;
* GEL 816,900.2 thousand - budget supporting credits;

**Debt servicing and repayment**

During 2022, the Government used GEL 1,757.6 million for debt servicing and repayment, including:

* Foreign debts - GEL 1 207.2 million
* Service - GEL 236.4 million
* Repayment - GEL 970.9 million.
* Domestic debts - GEL 550.4 million
* Services - GEL 510.4 million
* Repayment - GEL 40.0 million

**Taking Foreign Debt**

*Thousand, Gel*

| **Description** | **Fact of the reporting period** |
| --- | --- |
| **Budget support credits** | **816,900.2** |
| WB | 10,140.8 |
| AIIB | 24,747.7 |
| ADB | 441,556.7 |
| France | 262,695.0 |
| Germany | 77,760.0 |
| **Preferential investment credits** | **1,568,639.6** |
| WB | 344,698.5 |
| NEFCO | 975.3 |
| IFAD | 3,002.3 |
| EIB | 350,438.8 |
| EBRD | 89,055.3 |
| CEB | 16,185.7 |
| AIIB | 13,220.6 |
| ADB | 710,790.8 |
| Kuwait | 5,738.0 |
| Germany | 34,534.2 |
| **Other credits** | **2,385,539.8** |

*\*\*Note: includes the funding worth GEL 24,747.7 thousand from AIIB and worth GEL 10,140.8 thousand from WB received in 2022 within the framework of the "COVID-19 Rapid Response Program"***Domestic Securities**

During 2022, 54 securities auctions were held ; treasury securities worth GEL 2,819,883.0 thousand were issued, including treasury bonds with a term of 2, 5 and 10 years, in the amount of GEL 2,284,883.0, all of which are benchmark bonds. During the same period, securities worth GEL 1,493,000.0 thousand were paid. Securities issued had the following composition:

* 8.5% - treasury bonds with a term of 6 months;
* 10.5% - treasury liabilities with a term of 12 months;
* 32.2% - treasury bonds with a term of 2 years;
* 38.2% - treasury bonds with a term of 5 years;
* 10.6% - treasury bonds with a term of 10 years.

During the reporting period, the amount obtained by issuing treasury securities amounted to GEL 2,831,642.3 thousand, and the repayment of the principal amounted to GEL 1,485,302.6 thousand. As a result of issuing treasury liabilities and treasury bonds, the increase in domestic liabilities amounted to GEL 1,346,339.8 thousand.

**2022 State Budget Expenditures**

During 2022, amendments were made twice to the Law of Georgia on State Budget of Georgia for 2022. State budget allocations, compared to the initial budget, increased by GEL1,014,952.0 thousand and were set at GEL20,186,021.0 thousand. The cash flow during the reporting period amounted to GEL20,163,012.5 thousand, which is 99.9% of the target.

**Annual cash flow statement for the 2011-2022 state budgets of Georgia**

*(thousand, GEL)*

Actual / Planned %

Annual Actual

Annual Planned

**State budget expenditures**

According to the Law of Georgia on State Budget of Georgia for 2022, state budget expenditures were set at GEL 15,342,926.8 thousand. Budget expenditures under the revised plan amounted to GEL 15,403,468.6 thousand, which is 100.4% of the approved annual target. Cash expenses amounted to GEL 15,350,159.1 thousand, which is 99.7% of the planned target.

**Increase of non-financial assets of the state budget**

According to the Law of Georgia on the 2022 State Budget of Georgia, the increase of non-financial assets of the state budget was set at 3,269,486.2 thousand GEL. Non-financial assets under the revised plan amounted to 3,226,337.0 thousand GEL, which is 98.7% of the annual approved rate. Cash flow amounted to 3,304,432.8 thousand GEL, which is 102.4% of the planned target.

**Increase of financial assets of the state budget**

According to the Law of Georgia on the 2022 State Budget of Georgia, the increase of financial assets of the state budget was set at 486 650.0 thousand GEL. Financial assets under the revised plan amounted to 505 596.8 thousand GEL, which is 103.9% of the annual approved rate. Cash flow amounted to 489 436.5 thousand GEL, which is 96.8% of the planned target.

**Decrease of liabilities of the State Budget**

According to the Law of Georgia on the 2022 State Budget of Georgia, the decrease of liabilities of the state budget was set at GEL 1 086 958.0 thousand. Liabilities under the revised plan amounted to 1 050 618.6 thousand GEL, which is 96.7% of the annual approved rate. Cash flow amounted to 1 018 984.1 thousand GEL, which is 97.0% of the planned target.

**Structure of allocations for 2022**

***(Cash flow statement)***

**Expenditures, decrease in liabilities, increase in financial assets, increase in nonfinancial assets**

**State budget expenditures based on economic classification**

**Structure of expenditures for 2022**

*(Cash flow statement)*

The revised plan under the article **"Remuneration of Labour"** was set at GEL 1,789,436.5 thousand, and cash flow - at GEL 1,792,065.0 thousand, which is 100.1% of the plan. Cash flow under the Article "Remuneration of Labour” accounts for 11.7% of cash flow under the Article “Expenses", and constitutes 8.9% of the total payments made from the state budget.

The revised plan under the article **"Goods and Services"** was set GEL 1,855,904.9 thousand, and cash flow - at GEL 1,870,858.6 thousand, which is 100.8% of the plan. Cash flow under the article "Goods and services" accounts for 12.2% of cash flow under the Article "Expenses", and consists 9.3% of the total payments made from the state budget.

The revised plan under the article **"Interest"** was set GEL 763 197.0 thousand, and cash flow – at GEL 746 805.3 thousand, which accounts for 97.9% of the plan and - 3.7% of budget expenditures. From the article “Interest”, GEL 236,361.3 thousand was directed to serve foreign debts of the State, and GEL 510,396.9 thousand - to its domestic obligations.

The revised plan under the article **"Subsidies"** was set at GEL1,001,007.8 thousand, and cash flow – at GEL 1,004,617.9 thousand, which is 100.4% of the plan, and accounts for 5.0% of the payments made from the state budget.

The revised plan under the article **"Grants"** was set at 1,311,443.8 thousand GEL, and cash flow - at GEL 1,260,618.0 thousand, which is 96.1% of the plan, and accounts for 6.3% of the payments made from the state budget.

Under the article **"Social Security"** during the reporting period, cash flow amounted to GEL 6,052,095.2 thousand, which is 100.0% of the revised planned parameters (GEL 6,052,846.4 thousand), and accounts for 30.0% of the payments made from the state budget.

The revised plan under the article **"Other expenses"** was set at GEL 2 629 632.3 thousand, and cash expenses were incurred in the amount of GEL 2 623 099.1 thousand, which accounts for 99.8% of the plan. Cash flow under the article "Other expenses" accounts for 17.1% of cash flow under the article "Expenses", and constitutes 13.0% of the payments made from the state budget.

**In accordance with Articles 71 and 1145 of the Budget Code of Georgia, the income received by each municipality during 12 months as a result of the distribution of value added tax in 2022**

In accordance with Articles 71 and 1145 of the Budget Code of Georgia, the value added tax to be distributed to municipalities in 2022 was set at GEL 1,266,400.0 thousand in accordance with the Law of Georgia on the 2022 State Budget of Georgia. Based on the amendments made to the annual budget law during the year, this indicator increased by GEL 133,600.0 thousand and was set at GEL 1,400,000.0 thousand. In 2022, the actually mobilized value added tax amounted to GEL 1,416,045.0 thousand.

*Thousand, GEL*

| **Name of autonomous republics and municipalities** | **Value Added Tax** | | |
| --- | --- | --- | --- |
| **Initial annual forecast** | **Annual forecast** | **Fact of 12 months** |
| **Adjara** | **91,282.1** | **100,940.0** | **102,096.8** |
| Batumi City Municipality | 47,148.4 | 52,080.0 | 52,676.9 |
| Kobuleti Municipality | 16,936.2 | 18,760.0 | 18,975.0 |
| Khelvachauri municipality | 11,669.8 | 12,880.0 | 13,027.6 |
| Keda Municipality | 11,122.6 | 12,320.0 | 12,461.2 |
| Shuakhevi Municipality | 455.1 | 560.0 | 566.4 |
| Khulo municipality | 3,950.1 | 4,340.0 | 4,389.7 |
| Tbilisi City Municipality | **547,869.4** | **605,500.0** | **612,439.5** |
| Kakheti Region | **89,893.4** | **99,540.0** | **100,680.8** |
| Akhmeta Municipality | 11,987.9 | 13,300.0 | 13,452.4 |
| Gurjaani municipality | 15,671.3 | 17,360.0 | 17,559.0 |
| Dedoplistskaro municipality | 2,520.9 | 2,800.0 | 2,832.1 |
| Telavi municipality | 17,956.0 | 19,880.0 | 20,107.8 |
| Lagodekhi Municipality | 13,139.7 | 14,560.0 | 14,726.9 |
| Sagarejo Municipality | 14,299.7 | 15,820.0 | 16,001.3 |
| Sighnaghi Municipality | 6,861.4 | 7,560.0 | 7,646.6 |
| Kvareli municipality | 7,456.5 | 8,260.0 | 8,354.7 |
| **Imereti Region** | **161,149.3** | **178,360.0** | **180,404.1** |
| Kutaisi City Municipality | 44,063.1 | 48,720.0 | 49,278.4 |
| Chiatura Municipality | 13,641.6 | 15,120.0 | 15,293.3 |
| Tkibuli Municipality | 6,558.1 | 7,280.0 | 7,363.4 |
| Tskaltubo municipality | 14,346.3 | 15,820.0 | 16,001.3 |
| Baghdati Municipality | 7,075.3 | 7,840.0 | 7,929.9 |
| Municipality of Van | 7,282.6 | 8,120.0 | 8,213.1 |
| Zestafoni municipality | 15,995.5 | 17,640.0 | 17,842.2 |
| Terjola municipality | 10,232.1 | 11,340.0 | 11,470.0 |
| Samtredia municipality | 12,756.1 | 14,140.0 | 14,302.1 |
| Sachkhere municipality | 15,261.1 | 16,940.0 | 17,134.1 |
| Kharagauli municipality | 6,858.1 | 7,560.0 | 7,646.6 |
| Khoni municipality | 7,079.2 | 7,840.0 | 7,929.9 |
| **Samegrelo-Zemo Svaneti region** | **92,116.3** | **101,920.0** | **103,088.1** |
| Poti City Municipality | 6,186.3 | 6,860.0 | 6,938.6 |
| Zugdidi Municipality | 30,621.4 | 33,880.0 | 34,268.3 |
| Municipality of Abashi | 6,501.0 | 7,140.0 | 7,221.8 |
| Martvil municipality | 10,202.5 | 11,340.0 | 11,470.0 |
| Mestia Municipality | 6,091.4 | 6,720.0 | 6,797.0 |
| Senaki municipality | 11,631.1 | 12,880.0 | 13,027.6 |
| Chkhorotsku Municipality | 6,950.3 | 7,700.0 | 7,788.2 |
| Tsalenjikh municipality | 8,016.1 | 8,820.0 | 8,921.1 |
| Khobi Municipality | 5,916.0 | 6,580.0 | 6,655.4 |
| **Shida Kartli region** | **83,392.6** | **92,120.0** | **93,175.8** |
| Gori Municipality | 42,945.6 | 47,460.0 | 48,003.9 |
| Kareli Municipality | 13,344.7 | 14,700.0 | 14,868.5 |
| Kaspi Municipality | 10,343.9 | 11,480.0 | 11,611.6 |
| Khashuri Municipality | 16,758.4 | 18,480.0 | 18,691.8 |
| **Kvemo Kartli region** | **84,526.1** | **93,520.0** | **94,591.8** |
| Rustavi city municipality | 37,714.0 | 41,720.0 | 42,198.1 |
| Bolnisi municipality | 1,592.8 | 1,820.0 | 1,840.9 |
| Gardabani municipality | 3,413.1 | 3,780.0 | 3,823.3 |
| Dmanisi municipality | 8,990.5 | 9,940.0 | 10,053.9 |
| Tetritskaro municipality | 9,089.3 | 10,080.0 | 10,195.5 |
| Marneuli municipality | 21,169.8 | 23,380.0 | 23,648.0 |
| Tsalka Municipality | 2,556.6 | 2,800.0 | 2,832.1 |
| **Guria Region** | **33,243.1** | **36,680.0** | **37,100.4** |
| Lanchkhuti Municipality | 9,339.4 | 10,360.0 | 10,478.7 |
| Ozurgeti Municipality | 18,403.2 | 20,300.0 | 20,532.7 |
| Chokhatauri municipality | 5,500.5 | 6,020.0 | 6,089.0 |
| **Samtskhe-Javakheti Region** | **32,793.4** | **36,260.0** | **36,675.6** |
| Borjomi municipality | 1,774.8 | 1,960.0 | 1,982.5 |
| Adigeni municipality | 7,828.5 | 8,680.0 | 8,779.5 |
| Aspindza municipality | 1,206.0 | 1,400.0 | 1,416.0 |
| Akhalkalaki municipality | 1,183.2 | 1,260.0 | 1,274.4 |
| Akhaltsikhe municipality | 15,725.2 | 17,360.0 | 17,559.0 |
| Ninotsminda municipality | 5,075.7 | 5,600.0 | 5,664.2 |
| **Mtskheta-Mtianeti Region** | **23,730.5** | **26,040.0** | **26,338.4** |
| Dusheti municipality | 8,780.5 | 9,660.0 | 9,770.7 |
| Tianeti Municipality | 7,270.5 | 7,980.0 | 8,071.5 |
| Mtskheta Municipality | 7,520.2 | 8,260.0 | 8,354.7 |
| Kazbegi Municipality | 159.3 | 140.0 | 141.6 |
| **Racha-Lechkhumi-Kvemo Svaneti region** | **26,403.9** | **29,120.0** | **29,453.7** |
| Ambrolauri Municipality | 8,378.1 | 9,240.0 | 9,345.9 |
| Lentekhi Municipality | 4,839.7 | 5,320.0 | 5,381.0 |
| Oni Municipality | 5,613.8 | 6,160.0 | 6,230.6 |
| Tsageri Municipality | 7,572.3 | 8,400.0 | 8,496.3 |
| **Total** | **1,266,400.0** | **1,400,000.0** | **1,416,045.0** |

**Financial support for republican and municipal budgets of autonomous republics**

*Thousand, GEL*

| **Name of autonomous republic and municipality** | **Transfer in total** | | **Targeted transfer to exercise delegated authority** | | **Special transfer** | | **Capital transfer** | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Annual plan** | **Fact of 12 months** | **Annual plan** | **Fact of 12 months** | **Annual plan** | **Fact of 12 months** | **Annual plan** | **Fact of 12 months** |
| Autonomous Republic of Abkhazia | 12,000.0 | 12,000.0 | 0.0 | 0.0 | 12,000.0 | 12,000.0 | 0.0 | 0.0 |
| Azhara Municipality | 1,223.0 | 1,223.0 | 35.0 | 35.0 | 1,188.0 | 1,188.0 | 0.0 | 0.0 |
| Adjara | **9,050.0** | **4,050.0** | **0.0** | **0.0** | **4,050.0** | **4,050.0** | **5,000.0** | **0.0** |
| Budget of the Autonomous Republic of Adjara | 5,000.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 5,000.0 | 0.0 |
| Shuakhevi Municipality | 2,400.0 | 2,400.0 | 0.0 | 0.0 | 2,400.0 | 2,400.0 | 0.0 | 0.0 |
| Khulo Municipality | 1,650.0 | 1,650.0 | 0.0 | 0.0 | 1,650.0 | 1,650.0 | 0.0 | 0.0 |
| **Tbilisi City Municipality** | **300,755.0** | **294,828.0** | **505.0** | **505.0** | **290,000.0** | **290,000.0** | **10,250.0** | **4,323.0** |
| **Kakheti region** | **114,543.5** | **114,140.1** | **1,780.0** | **1,780.0** | **10,408.0** | **10,022.9** | **102,355.5** | **102,337.2** |
| Akhmeta Municipality | 11,361.2 | 11,359.0 | 170.0 | 170.0 | 310.0 | 307.8 | 10,881.2 | 10,881.2 |
| Gurjaani municipality | 9,267.6 | 9,194.9 | 245.0 | 245.0 | 156.0 | 93.2 | 8,866.6 | 8,856.8 |
| Dedoplistskaro municipality | 12,469.7 | 12,469.7 | 210.0 | 210.0 | 1,024.0 | 1,024.0 | 11,235.7 | 11,235.7 |
| Telavi municipality | 32,224.1 | 32,118.1 | 310.0 | 310.0 | 1,970.0 | 1,871.1 | 29,944.1 | 29,937.1 |
| Lagodekhi Municipality | 14,902.2 | 14,743.7 | 255.0 | 255.0 | 3,970.0 | 3,811.8 | 10,677.2 | 10,676.8 |
| Sagarejo Municipality | 11,846.1 | 11,798.9 | 245.0 | 245.0 | 2,297.0 | 2,249.8 | 9,304.1 | 9,304.1 |
| Sighnaghi Municipality | 13,561.6 | 13,557.4 | 165.0 | 165.0 | 22.0 | 18.8 | 13,374.6 | 13,373.6 |
| Kvareli municipality | 8,910.9 | 8,898.3 | 180.0 | 180.0 | 659.0 | 646.4 | 8,071.9 | 8,071.9 |
| **Imereti region** | **175,355.8** | **175,040.8** | **2,425.0** | **2,425.0** | **10,296.0** | **10,135.4** | **162,634.8** | **162,480.4** |
| Kutaisi city Municipality | 39,730.7 | 39,659.0 | 280.0 | 280.0 | 340.0 | 340.0 | 39,110.7 | 39,039.1 |
| Chiatura Municipality | 12,046.1 | 12,032.9 | 255.0 | 255.0 | 2,450.0 | 2,436.9 | 9,341.1 | 9,341.0 |
| Tkibuli Municipality | 12,881.3 | 12,797.1 | 190.0 | 190.0 | 1,605.0 | 1,520.9 | 11,086.3 | 11,086.1 |
| Tskaltubo municipality | 10,917.3 | 10,855.5 | 190.0 | 190.0 | 820.0 | 814.6 | 9,907.3 | 9,850.9 |
| Baghdati Municipality | 7,708.3 | 7,708.3 | 145.0 | 145.0 | 0.0 | 0.0 | 7,563.3 | 7,563.3 |
| Vani Municipality | 9,000.7 | 9,000.6 | 165.0 | 165.0 | 450.0 | 450.0 | 8,385.7 | 8,385.6 |
| Zestafoni municipality | 10,029.4 | 10,003.6 | 265.0 | 265.0 | 0.0 | 0.0 | 9,764.4 | 9,738.6 |
| Terjola municipality | 12,497.6 | 12,497.6 | 180.0 | 180.0 | 1,145.0 | 1,145.0 | 11,172.6 | 11,172.6 |
| Samtredia municipality | 11,531.8 | 11,531.8 | 210.0 | 210.0 | 0.0 | 0.0 | 11,321.8 | 11,321.8 |
| Sachkhere municipality | 30,846.6 | 30,830.1 | 210.0 | 210.0 | 2,016.0 | 1,999.6 | 28,620.6 | 28,620.5 |
| Kharagauli municipality | 11,440.4 | 11,411.3 | 155.0 | 155.0 | 1,000.0 | 971.0 | 10,285.4 | 10,285.3 |
| Khoni municipality | 6,725.6 | 6,713.0 | 180.0 | 180.0 | 470.0 | 457.5 | 6,075.6 | 6,075.5 |
| **Samegrelo-Zemo Svaneti Region** | **78,679.2** | **74,663.1** | **2,040.0** | **2,040.0** | **14,287.1** | **10,372.9** | **62,352.1** | **62,250.2** |
| Poti City Municipality | 5,237.5 | 5,210.4 | 290.0 | 290.0 | 0.0 | 0.0 | 4,947.5 | 4,920.4 |
| Zugdidi Municipality | 14,042.8 | 12,913.7 | 390.0 | 390.0 | 3,700.0 | 2,571.0 | 9,952.8 | 9,952.7 |
| Abasha Municipality | 7,179.1 | 6,757.4 | 170.0 | 170.0 | 400.0 | 0.0 | 6,609.1 | 6,587.4 |
| Martvili municipality | 10,030.9 | 8,701.3 | 175.0 | 175.0 | 2,310.0 | 980.4 | 7,545.9 | 7,545.9 |
| Mestia Municipality | 10,936.1 | 10,936.1 | 140.0 | 140.0 | 2,800.0 | 2,800.0 | 7,996.1 | 7,996.1 |
| Senaki municipality | 9,080.2 | 8,264.3 | 220.0 | 220.0 | 1,584.9 | 788.0 | 7,275.3 | 7,256.3 |
| Chkhorotsku Municipality | 9,250.8 | 9,137.9 | 195.0 | 195.0 | 2,250.0 | 2,137.1 | 6,805.8 | 6,805.8 |
| Tsalenjikh municipality | 6,154.8 | 5,978.8 | 225.0 | 225.0 | 1,242.2 | 1,096.4 | 4,687.6 | 4,657.4 |
| Khobi Municipality | 6,766.9 | 6,763.2 | 235.0 | 235.0 | 0.0 | 0.0 | 6,531.9 | 6,528.2 |
| **Shida Kartli Region** | **42,532.5** | **42,464.6** | **1,210.0** | **1,210.0** | **6,500.0** | **6,450.8** | **34,822.5** | **34,803.8** |
| Gori Municipality | 13,397.1 | 13,347.8 | 335.0 | 335.0 | 230.0 | 180.8 | 12,832.1 | 12,832.0 |
| Eredvi Municipality | 2,222.0 | 2,222.0 | 55.0 | 55.0 | 2,167.0 | 2,167.0 | 0.0 | 0.0 |
| Kurti Municipality | 2,388.0 | 2,388.0 | 100.0 | 100.0 | 2,288.0 | 2,288.0 | 0.0 | 0.0 |
| Kareli Municipality | 7,849.8 | 7,849.8 | 240.0 | 240.0 | 0.0 | 0.0 | 7,609.8 | 7,609.8 |
| Kaspi Municipality | 6,813.9 | 6,795.2 | 195.0 | 195.0 | 0.0 | 0.0 | 6,618.9 | 6,600.2 |
| Tigvi Municipality | 1,850.0 | 1,850.0 | 35.0 | 35.0 | 1,815.0 | 1,815.0 | 0.0 | 0.0 |
| Khashuri Municipality | 8,011.7 | 8,011.7 | 250.0 | 250.0 | 0.0 | 0.0 | 7,761.7 | 7,761.7 |
| **Kvemo Kartli Region** | **59,000.5** | **58,769.6** | **1,970.0** | **1,970.0** | **14,255.0** | **14,228.7** | **42,775.5** | **42,571.0** |
| Rustavi City Municipality | 12,456.8 | 12,451.3 | 550.0 | 550.0 | 700.0 | 698.4 | 11,206.8 | 11,202.9 |
| Bolnisi Municipality | 18,363.2 | 18,320.9 | 340.0 | 340.0 | 12,500.0 | 12,500.0 | 5,523.2 | 5,480.9 |
| Gardabani Municipality | 5,859.8 | 5,825.4 | 290.0 | 290.0 | 100.0 | 90.0 | 5,469.8 | 5,445.4 |
| Dmanisi Municipality | 5,230.3 | 5,230.3 | 145.0 | 145.0 | 370.0 | 370.0 | 4,715.3 | 4,715.3 |
| Tetritskaro municipality | 4,383.4 | 4,383.4 | 240.0 | 240.0 | 50.0 | 50.0 | 4,093.4 | 4,093.4 |
| Marneuli municipality | 6,848.1 | 6,721.4 | 280.0 | 280.0 | 130.0 | 119.3 | 6,438.1 | 6,322.1 |
| Tsalka Municipality | 5,858.9 | 5,836.9 | 125.0 | 125.0 | 405.0 | 400.9 | 5,328.9 | 5,311.0 |
| **Guria Region** | **50,460.0** | **50,339.0** | **735.0** | **735.0** | **10,090.0** | **9,973.5** | **39,635.0** | **39,630.4** |
| Lanchkhuti Municipality | 12,667.9 | 12,597.8 | 245.0 | 245.0 | 1,600.0 | 1,529.9 | 10,822.9 | 10,822.9 |
| Ozurgeti Municipality | 25,638.3 | 25,636.1 | 280.0 | 280.0 | 5,215.0 | 5,215.0 | 20,143.3 | 20,141.1 |
| Chokhatauri Municipality | 12,153.7 | 12,105.1 | 210.0 | 210.0 | 3,275.0 | 3,228.7 | 8,668.7 | 8,666.5 |
| **Samtskhe-Javakheti Region** | **39,891.5** | **39,820.8** | **1,270.0** | **1,270.0** | **6,510.0** | **6,488.1** | **32,111.5** | **32,062.7** |
| Borjomi Municipality | 9,516.9 | 9,515.5 | 225.0 | 225.0 | 3,000.0 | 3,000.0 | 6,291.9 | 6,290.5 |
| Adigeni Municipality | 5,350.0 | 5,335.7 | 160.0 | 160.0 | 0.0 | 0.0 | 5,190.0 | 5,175.7 |
| Aspindza Municipality | 4,930.1 | 4,915.5 | 145.0 | 145.0 | 0.0 | 0.0 | 4,785.1 | 4,770.5 |
| Akhalkalaki Municipality | 9,894.2 | 9,870.2 | 240.0 | 240.0 | 3,060.0 | 3,038.1 | 6,594.2 | 6,592.1 |
| Akhaltsikhe Municipality | 5,426.1 | 5,426.1 | 300.0 | 300.0 | 450.0 | 450.0 | 4,676.1 | 4,676.1 |
| Ninotsminda Municipality | 4,774.2 | 4,757.8 | 200.0 | 200.0 | 0.0 | 0.0 | 4,574.2 | 4,557.8 |
| **Mtskheta-Mtianeti Region** | **32,444.6** | **31,718.0** | **880.0** | **880.0** | **7,099.4** | **6,914.9** | **24,465.2** | **23,923.2** |
| Akhalgori Municipality | 3,027.0 | 3,027.0 | 100.0 | 100.0 | 2,927.0 | 2,927.0 | 0.0 | 0.0 |
| Dusheti municipality | 9,424.1 | 9,258.9 | 125.0 | 125.0 | 1,912.4 | 1,748.0 | 7,386.7 | 7,385.9 |
| Tianeti Municipality | 6,242.4 | 6,242.4 | 150.0 | 150.0 | 140.0 | 140.0 | 5,952.4 | 5,952.4 |
| Mtskheta Municipality | 6,960.6 | 6,626.3 | 405.0 | 405.0 | 120.0 | 99.9 | 6,435.6 | 6,121.4 |
| Kazbegi Municipality | 6,790.5 | 6,563.4 | 100.0 | 100.0 | 2,000.0 | 2,000.0 | 4,690.5 | 4,463.4 |
| **Racha-Lechkhumi-Kvemo Svaneti Region** | **38,211.5** | **37,780.5** | **565.0** | **565.0** | **4,065.6** | **3,690.1** | **33,580.9** | **33,525.4** |
| Ambrolauri Municipality | 10,970.2 | 10,951.9 | 150.0 | 150.0 | 0.0 | 0.0 | 10,820.2 | 10,801.9 |
| Lentekhi Municipality | 8,295.0 | 8,262.0 | 120.0 | 120.0 | 725.0 | 725.0 | 7,450.0 | 7,417.0 |
| Oni Municipality | 10,880.1 | 10,504.4 | 120.0 | 120.0 | 3,275.6 | 2,904.1 | 7,484.5 | 7,480.3 |
| Tsageri Municipality | 8,066.3 | 8,062.3 | 175.0 | 175.0 | 65.0 | 61.0 | 7,826.3 | 7,826.3 |
| Different municipalities | 4,500.0 | 0.0 | 4,500.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total** | **958,647.0** | **936,837.5** | **17,915.0** | **13,415.0** | **390,749.1** | **385,515.2** | **549,982.9** | **537,907.3** |

*Note:*

* *The annual plan of transfers shown in the table represents the annual plan of targeted, special and capital transfers provided for by the state budget of Georgia for 2022, as well as the annual plan of special and capital transfers allocated by the Government of Georgia to municipalities based on normative acts.*
* *According to the Decree N1074 of the Government of Georgia of June 14, 2022 on the allocation of a loan from the fund for the repayment of debts incurred in previous years and the enforcement of court decisions for the Autonomous Republic of Adjara", GEL 20,000.0 thousand was allocated as a loan to the Autonomous Republic of Adjara, which has been fully disbursed as of 31December. This amount is not included in the table.*

**Funds under the Budget**

**Reserve Fund of the Government of Georgia**

According to the Law of Georgia on the 2022 State Budget of Georgia, allocations from the Reserve Fund of the Government of Georgia were set at GEL 55,000.0 thousand. Allocations from the reserve fund of the Government of Georgia that have been allocated based on the decrees of the Government of Georgia during the reporting period equalled GEL 50,895.3 thousand, and cash flow - GEL 49,581.7 thousand.

**Fund for the Projects to be Implemented in the Regions of Georgia**

According to the Law of Georgia on the 2022 State Budget of Georgia, fund allocations for the projects to be implemented in the regions of Georgia were set at GEL 430,000.0 thousand. According to Decree N2368 of the Government of Georgia dated 20 December 2022 on Amendmends to Decree N585 of the Government of Georgia on Fund Allocations for the Projects to be Implemented for the Sachkhere Municipality, fund allocations for the projects to be implemented in the regions of Georgia increased by GEL 7 000.0 thousand and, by the end of the reporting period, reached GEL 437,000.0 thousand.

The allocations from the fund of the Government of Georgia that have been allocated based on the decrees of the Government of Georgia during the reporting period equalled GEL 434 987.9 thousand, and cash flow - GEL 428 609.6 thousand.

**Highland Settlements Development Fund**

According to the Law of Georgia on the 2022 State Budget of Georgia, the allocations from the Highland Settlements Development Fund were set at GEL 20,000.0 thousand. The allocations that have been allocated from the Highland Settlements Development Fund under the decrees of the Government of Georgia during the reporting period equal GEL 20,000.0 thousand, and sums transferred by the Treasury Service - GEL 8,136.3 thousand.

**Pilot Regions Integrated Development Programme for 2020-2022[[1]](#footnote-1)**

GEL 170.0 million was allocated from the state budget 2022 for the Pilot Regions Integrated Development Program. During 2022, financing decisions were taken with regard to 72 projects, and within the framework of the program, 159.7 million GEL was allocated (including for the financing of projects selected in 2021), including:

* GEL 123.4 million – within the priorities of "Urban Renewal - Integrated Activities in Urban Areas", "Promotion of Tourism Development with the Use of Unique Potential" and "Integrated Local Development";
* GEL 36,3 million - within the priorities of "Increasing the Competitiveness of Small and Medium-sized Enterprises and Promoting Innovation";

The co-financing of municipalities amounted to GEL 3.9 million, approximately 3.0% of the value of the financed projects (72) in 2022.

**Cooperation with international partners, financial support of planned reforms in municipalities**

**Within the framework of the program "Financial support for reforms planned in municipalities in cooperation with international partners",** by Decree No. 2735 of the Government of Georgia of 30 December 2019 "Regarding the measures to be implemented by some municipalities in order to promote the improvement of financial management within the framework of the 2018-2021 strategy of public finance management reform" and based on amendments thereto made by Decree No. 637 of 27 April 2021, based on the fulfilment of the 2021 target indicators under the cooperation memorandums signed between the Ministry of Finance of Georgia and the mayors of the municipalities (39 municipalities which were assessed during the period from 2018 to 2020 with the support of USAID and GIZ, using the Public Expenditure and Financial Accountability (PEFA) indicators, by Decree N2374 of the Government of Georgia of December 27, 2021, on “the allocation of capital grants to some municipalities within the framework of the 2018-2021 strategy on public finance management reform, for promoting the improvement of financial management by some municipalities, based on the implementation of the measures determined in 2021", GEL 12,000 thousand was allocated to the municipalities, including GEL 7,000.0 thousand from the 2022 allocations.

At the same time, the fulfilment of the 2022 target indicators stipulated by the memorandums was assessed in 2023, and accordingly, the information on the capital transfers to the municipalities will be reflected in the current year's quarterly and annual reports.

**Information on state treasury cash flow in 2022**

*Mln, GEL*

| **Description** | **01.01.2022** | **01.01.2023** |
| --- | --- | --- |
| **Total** | **3,549.3** | **4,189.4** |
| State budget balance | 881.4 | 1,247.6 |
| Subaccount for refund of overpaid taxes | 703.3 | 607.3 |
| Target grants | 26.5 | 23.1 |
| Deposit balance on Treasury unified account ნაშთი | 42.6 | 37.1 |
| Balance on the currency accounts of the Treasury Service  numerical balance | 788.3 | 623.9 |
| Budget balances of municipalities and Autonomous Republics  Budget balances of municipalities მუნიციპალიტეტების ბიუჯეტების ნაშთები | 464.0 | 697.3 |
| Balances of LEPLs and N(N)LEs | 643.3 | 953.1 |

**Implementation of state budget allocations according to spending institutions**

*Thousand, GEL*

| **Description** | **Approved Plan 2022** | **Revised Plan 2022** | **Fact of 2022** | **Performance %** |
| --- | --- | --- | --- | --- |
| **Total** | **20,186,021.0** | **20,186,021.0** | **20,163,012.5** | **99.9%** |
| **Ministries** | **16,115,904.0** | **16,181,686.9** | **16,323,764.0** | **101.3%** |
| Ministry of Finance of Georgia | 105,404.8 | 105,409.7 | 102,102.0 | 96.9% |
| Ministry of Economy and Sustainable Development of Georgia | 1,262,404.9 | 1,281,904.9 | 1,270,227.1 | 100.6% |
| Ministry of Regional Development and Infrastructure of Georgia | 2,975,005.0 | 2,975,005.0 | 3,080,396.4 | 103.5% |
| Ministry of Justice of Georgia | 320,568.4 | 339,898.4 | 340,721.9 | 106.3% |
| Ministry of IDPs from the occupied territories of Georgia, Labor, Health and Social Protection | 6,332,275.8 | 6,333,555.3 | 6,361,827.3 | 100.5% |
| Ministry of foreign affairs of Georgia | 176,603.6 | 178,080.1 | 177,974.1 | 100.8% |
| Ministry of Defence of Georgia | 1,082,431.4 | 1,084,293.9 | 1,089,355.3 | 100.6% |
| Ministry of Internal Affairs of Georgia | 962,500.0 | 962,500.0 | 967,163.9 | 100.5% |
| Ministry of Environment Protection and Agriculture of Georgia | 743,071.4 | 763,982.6 | 760,420.3 | 102.3% |
| Ministry of Education and Science of Georgia | 1,684,835.9 | 1,684,835.9 | 1,697,345.4 | 100.7% |
| Ministry of Culture, Sport and Youth of Georgia | 470,802.8 | 472,221.0 | 476,230.4 | 101.2% |
| **Other agencies** | **4,070,117.0** | **4,004,334.1** | **3,839,248.5** | **94.3%** |
| Parliament of Georgia and organizations within its system | 68,035.9 | 68,035.9 | 65,390.8 | 96.1% |
| Administration of the President of Georgia | 8,792.4 | 9,092.4 | 8,900.4 | 101.2% |
| Office of the Business Ombudsman of Georgia | 752.9 | 752.9 | 649.7 | 86.3% |
| Administration of the Government of Georgia | 19,220.0 | 52,044.6 | 50,887.5 | 264.8% |
| State Audit Office | 18,491.3 | 18,491.3 | 17,909.5 | 96.9% |
| Central Election Commission of Georgia | 31,489.1 | 34,391.1 | 33,938.7 | 107.8% |
| Constitutional Court of Georgia | 5,150.0 | 5,150.0 | 4,559.4 | 88.5% |
| Supreme Court of Georgia | 14,350.0 | 14,350.0 | 14,186.3 | 98.9% |
| Common courts | 99,120.0 | 99,120.0 | 88,384.4 | 89.2% |
| High Council of Justice of Georgia | 6,840.0 | 6,840.0 | 4,597.3 | 67.2% |
| Administration of the State Representative in the Abasha, Zugdidi, Martvili, Mestia, Senaki, Chkhorotsku, Tsalenjikha, Khobi municipalities and Poti City Municipality | 1,052.3 | 1,052.3 | 995.3 | 94.6% |
| Administration of the State Representative in the Lanchkhuti, Ozurgeti and Chokhatauri municipalities | 834.7 | 834.7 | 819.9 | 98.2% |
| Administration of the State Representative in the Bagdati, Vani, Zestafoni, Terjola, Samtredia, Sachkhere, Tkibuli, Tskaltubo, Chiatura, Kharagauli, Khoni municipalities and the Kutaisi city municipality | 939.2 | 939.2 | 934.6 | 99.5% |
| Administration of the State Representative in the Akhmeta, Gurjaani, Dedoplistskaro, Telavi, Lagodekhi, Sagarejo, Sighnaghi and Kvareli municipalities | 950.7 | 950.7 | 936.1 | 98.5% |
| Administration of the State Representative in the Dusheti, Tianeti, Mtskheti and Kazbegi municipalities | 867.4 | 867.4 | 832.7 | 96.0% |
| Administration of the State Representative in the Ambrolauri, Lentekhi, Oni and Tsageri municipalities | 844.2 | 844.2 | 829.8 | 98.3% |
| Administration of the State Representative in the Adigeni, Aspindza, Akhaltsikhe, Akhalkalaki, Borjomi and Ninotsminda municipalities | 820.7 | 820.7 | 820.5 | 100.0% |
| Administration of the State Representative in the municipalities of Bolnisi, Gardabani, Dmanisi, Tetri Tkaro, Marneuli, Tsalka municipalities and Rustavi city municipality | 1,194.8 | 1,194.8 | 1,168.3 | 97.8% |
| Administration of the State Representative in the Gori, Kaspi, Kareli and Khashuri municipalities | 821.2 | 821.2 | 784.0 | 95.5% |
| State Security Service of Georgia | 150,700.0 | 153,000.0 | 152,859.1 | 101.4% |
| Prosecutor's Office of Georgia | 47,870.0 | 49,567.6 | 49,071.2 | 102.5% |
| Office of the Georgian State Minister for Reconciliation and Civic Equality | 3,130.0 | 3,538.0 | 3,302.7 | 105.5% |
| Georgian Intelligence Service | 15,400.0 | 15,400.0 | 15,400.0 | 100.0% |
| LEPL Civil Service Bureau | 1,705.0 | 1,705.0 | 2,327.9 | 136.5% |
| LEPL Legal Aid Service | 8,170.5 | 8,170.5 | 8,078.1 | 98.9% |
| LEPL State Service of Veterans Affairs | 9,495.0 | 9,495.0 | 9,479.8 | 99.8% |
| LEPL Financial Monitoring Service of Georgia | 2,292.0 | 2,292.0 | 2,097.1 | 91.5% |
| NNLE Georgian Solidarity Fund | 278.6 | 278.6 | 268.8 | 96.5% |
| Special State Protection Service of Georgia | 69,538.5 | 72,158.8 | 72,124.1 | 103.7% |
| Office of the Public Defender of Georgia | 8,869.0 | 8,869.0 | 7,899.0 | 89.1% |
| LEPL Public Broadcaster | 82,180.0 | 82,180.0 | 82,307.2 | 100.2% |
| LEPL Georgian National Competition Agency | 3,670.0 | 3,670.0 | 3,161.8 | 86.2% |
| South Ossetia Administration - Administration of the temporary administrative-territorial unit on the territory of the former South Ossetia Autonomous District | 2,636.0 | 2,636.0 | 2,627.5 | 99.7% |
| Patriarchate of Georgia | 25,000.0 | 25,000.0 | 24,997.3 | 100.0% |
| LEPL Levan Samkharauli National Forensic Bureau (NFB), | 11,300.0 | 11,300.0 | 11,299.3 | 100.0% |
| LEPL National Statistics Office of Georgia (Geostat) | 12,968.0 | 12,968.0 | 13,412.3 | 103.4% |
| LEPL National Academy of Sciences of Georgia | 4,434.0 | 4,434.0 | 4,084.4 | 92.1% |
| Chamber of Commerce and Industry of Georgia | 1,602.0 | 1,602.0 | 1,698.4 | 106.0% |
| LEPL State Agency for Religious Affairs | 5,388.8 | 6,388.8 | 6,373.8 | 118.3% |
| State Inspector Service | 11,300.0 | 11,300.0 | 10,964.5 | 97.0% |
| LEPL State Language Department | 543.8 | 543.8 | 536.1 | 98.6% |
| LEPL Public Private Partnership Agency | 269.0 | 269.0 | 240.8 | 89.5% |
| Office of the National Security Council | 3,410.0 | 3,410.0 | 2,790.7 | 81.8% |
| LEPL Kutaisi International University | 0.0 | 0.0 | 1,244.5 | #DIV/0! |
| NNLE Millennium Foundation | 0.0 | 0.0 | 270.5 | #DIV/0! |
| NNLE Peace Fund for a Better Future | 0.0 | 0.0 | 558.0 | #DIV/0! |
| **Expenditures of State Importance** | **3,307,400.0** | **3,197,564.6** | **3,052,248.4** | **92.3%** |
| *Servicing and repaying foreign public debts* | 1,270,000.0 | 1,246,000.0 | 1,207,226.8 | 95.1% |
| *Servicing and repaying domestic public debts* | 565,000.0 | 559,650.0 | 550,396.9 | 97.4% |
| *Transfers to autonomous republics and municipalities* | 353,000.0 | 833,762.1 | 829,090.5 | 234.9% |
| *Expenditures of state importance covered by donors* | 105,650.0 | 105,650.0 | 36,457.5 | 34.5% |
| *Other expenses* | 1,013,750.0 | 452,502.5 | 429,076.6 | 42.3% |

1. Detailed information is presented in Chapter 3 of the Budget Implementation Report [↑](#footnote-ref-1)